

## **Arizona Department of Real Estate (ADRE)**

### **Education Advisory Committee (EAC)**

#### **Minutes**

**September 9, 2014**

The Education Advisory Committee met on Tuesday, September 9, 2014, at the Arizona Department of Real Estate (ADRE), 2910 N 44<sup>th</sup> Street, Commissioner's Conference Room, Phoenix, Arizona.

#### **I. Call to Order**

Commissioner Lowe called the meeting to order at 10:00 a.m.

**Members present:** Marti Barnewolt, J. Robert Eckley, Holly Eslinger, Becky Ryan, Jon Kichen; Mary Frances Coleman; Janette Waller; Jim Zirbes; Jenny Hogan (sitting in for Jim Hogan)

**Teleconference:** Barb Freestone, Mary Sand

**Absent:** Jim Hogan (daughter Jenny sat in on meeting in his absence); Evan Fuchs, Andrew Jaffe, Amy Swaney.

**ADRE Staff:** Commissioner Lowe; Carla Randolph – Assistant Commission (AC) Licensing Services; Louis Dettorre - Assistant Commissioner Operations/ Legislative Affairs; Jim Williams, Education; Kurt Labotz, Education; Sarah Dobbins – Chief of Staff; Kim Ellis, CSR

#### **II. Introductions & Welcome/Announcements**

Since there were members attending telephonically, Commissioner Lowe asked to go around the room and have each attendee introduce themselves.

#### **III. June 10, 2014 – Meeting Minutes – Review/Approval**

Upon a motion by Member Barnewolt, seconded by Member Ryan, the Minutes of the June 10, 2014 meeting were unanimously approved.

#### **IV. EAC Committee Charge/EAC Member – New Appointments/Reappointments**

AC Randolph reviewed the EAC Committee charge and announced the retirement of Member Crosby and the appointment of the newest member, Mary Frances Coleman. Mary Frances Coleman introduced herself and gave a brief background including her history of being an attorney, real estate licensee, real estate school owner, and instructor on a national level. The Commissioner thanked her for serving.

## **V. Industry/Legislative/ADRE Update – Commissioner Lowe/Louis Dettorre**

Commissioner Lowe commented on the recent flooding and the impact on the files stored in the basement which was flooded. The Department is currently working through the process of having the damaged files properly restored or destroyed.

AC Dettorre announced the hiring of a new Business Services accountant, Tyler Keeble.

AC Dettorre mentioned that the budget request and strategic plan were submitted to the Governor's Office of Strategic Planning & Budgeting (OSPB) on 9/2/14. The strategic plan must be published on the website by January 1<sup>st</sup>.

AC Dettorre commented on the initial draft rule revision proposal which is currently open for discussion at a series of upcoming meetings. He noted that, an exception to the rules moratorium has not been requested yet. Once it is requested and approved, there will continue to be opportunities for public comment.

AC Dettorre stated that the Department is moving forward with submitting legislative proposals as required. He noted there will be opportunities for discussion.

Member Kichen asked what the process for the Rule Revision will be. AC Dettorre responded that ideally there will be a broad majority consensus after receiving feedback from the industry. Then, a request for an exception to the rule moratorium will be submitted to the Governor's office. When approval is received, a docket will be opened, stakeholders will be allowed to submit input. After that, the final rules will be approved, or not approved.

Commissioner Lowe commented that any member should contact Louis with suggestions they have for proposed legislation. Members of Arizona Association of Realtors (AAR) should make their suggestions through the AAR caucus.

Commissioner Lowe provided the ADRE update. The Commissioner noted she will be attending the ARELLO conference in Philadelphia next week. This gives her the opportunity to confer with her counterparts about issues presenting challenges all across the country, including the issue of Teams. Teams present multiple challenges. First, buyers are not sure which agent they are working with and/or who the Designated Broker (DB) is. Another issue with Teams is unlicensed assistants performing licensed activity; in Arizona, the paperwork must be completed by a licensed agent. In addition, team members must be paid through the DB and cannot be paid through a PLLC or PC.

Member Eslinger commented that she spoke to someone in Florida who stated that Florida addresses the issue of Teams by requiring all the Teams to become branch offices; thus, requiring the leader to go through branch manager training. Commissioner Lowe stated this could be done in Arizona at the discretion of the DB; however, signage would have to be in compliance, i.e. list the Employing Broker's name.

Commissioner Lowe mentioned another national issue is non real estate companies getting involved in the real estate business, i.e. online companies. Some of these companies are developed by lenders. Many of the companies hire Brokers who are licensed in a state, but do not actually live in the state(s) they are licensed in. On some sites, the lender may actually be the

property owner, as well. Buyers may purchase properties online without a buyer's agent and the buyer agrees to purchase the property as is. Arizona rules and statutes are fairly comprehensive and cover much of the issues involved with online companies.

Commissioner Lowe discussed ADRE's \$3.4 million FY16 budget request which was submitted to the Governor's Office of Strategic Planning and Budgeting on 9/2/14. Commissioner Lowe reviewed the licensing and education statistics. The budget request includes the hiring of four FTEs as well as the IT update that is being required by the Arizona Department of Administration and includes re-cabling of the entire building.

Commissioner Lowe reviewed the Strategic Plan, noting the major goals, including maximizing technology, and adhering to fiscal guidelines.

Commissioner Lowe discussed the current proposed rules draft and the goal of gathering feedback in order to submit a request for an exception to the rules marking moratorium which has been in effect since 2009.

#### **VI. Volunteer Monitor Program Update - Jim Williams**

Education Auditor Jim Williams stated that the Department has been sending approximately 50 monitor requests per month. The feedback they provide is generally positive. Currently, 474 classes are scheduled from September 15<sup>th</sup> to September 25<sup>th</sup>. He mentioned that schools will be receiving the audit declaration in the near future. He noted that course applications need to be submitted by the school administrator and not staff.

Commissioner Lowe asked for feedback on the 2-year audit requirement for schools.

#### **VII. Update on Pearson Vue (Pre-licensure Testing Vendor) – Carla Randolph**

Assistant Commissioner Randolph provided a brief update on Pearson Vue. She stated that the procurement process has been completed and Pearson Vue will remain the pre-licensure testing vendor. She stated the Department has been happy with the customer service Pearson Vue provides. She noted ten additional state specific questions will be added to the real estate salesperson exam. She further stated that the new contact person for Pearson Vue is Paula Sisneros.

#### **VIII. Review Education/Licensing Division Monthly Reports – Carla Randolph**

Assistant Commissioner Randolph provided a review of the monthly report for the Education and Licensing Division (see handout). In regards to exam performance, she noted that in June 2014, there was an 80% pass rate for Brokers and a 64% pass rate for salespersons, out of 1016 exams graded for first time test takers. For July 2014, there was a 63% pass rate for Brokers and 60% pass rate for salespersons, out of 871 exams graded. For August 2014, she noted an 80% pass rate for Brokers and 62% pass rate for Salespersons, out of 1025 exams graded.

AC Randolph mentioned that per Member Hogan's request, a review committee will identify poor performance areas on the exam and implement the increase of 10 additional questions on the real estate salesperson state specific portion of the exam.

For Licensing, AC Randolph noted in July, there were 471 total new original licenses (442 sales, 29 Broker).

**IX. Upcoming.**

- School Supervision Audit Declaration forms are due January 31, 2015.
- Pre-licensure review committee will meet.
- AC Randolph provided 2015 schedule of EAC meeting dates.

**X. Next EAC Meeting: December 9, 2014**

**XI. Other Matters**

Member Kichen asked if an address book of schools could be made available on the website; this would be helpful for school administrators while inputting information on an application.

Member Coleman asked if an option for searching courses by credit could be added.

**XII. Call to the Public**

No members of the public were present.

**XIII. Adjournment**

Member Eckley made a motion to adjourn; motion was seconded by Member Kichen. The meeting adjourned at 11:46 a.m.

**TEAM**

**“Together Everyone Achieves More”**

*Respectfully submitted this \_\_\_\_\_ day of December, 2014*

*Real Estate Advisory Board*

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*Commissioner Lowe*